

Testimony on S.B. 1195, An Act Concerning School Finance Reform
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Please see the two attached articles: "Ensuring Equity" and "Fostering Fiscal Transparency"

Ensuring Equity

Ulrich Boser, Senior Fellow, and Cynthia G. (Cindy) Brown, Vice President for Education Policy, Center for American Progress

All students should have an equal opportunity to gain an education that prepares them for the rigors of college and the modern workplace. That means our nation's school system should be fair, equitable, and provide all students—regardless of their family background—with a quality education.

But what's clear is that our school system does not treat all students fairly; that large inequities are pervasive throughout the nation. For example, many states have regressive funding systems in which high-poverty districts get less money than wealthier ones. In New Hampshire, for instance, a district with a 30 percent poverty rate receives about two-thirds the money per student than a district with no student poverty.¹ School outcomes also vary widely by race and family income. Consider, for instance, that across the country more than 75 percent of White and Asian students earn a high school diploma within four years. In contrast, 56 percent of Latino and 54 percent of African-American students graduate from high school on time.²

Debates over the fairness of the nation's school system have raged for decades, and in the 1960s, reform advocates began taking legal action. They argued that financial resources should be spread equally within states, and they sued state agencies in order to seek greater aid for school districts with low property wealth. The federal government also passed the Elementary and Secondary Education Act (ESEA) in 1965, which provides additional funds to schools with high concentrations of low-income school children. The federal government's role in funding schools remains relatively small—around 8 percent³—and the federal law has its own fairness issues. The formulas driving Title I funds favor large districts over small- and medium-sized ones, and they favor districts in wealthy and small states.⁴ Moreover, the fiscal requirements of Title I include a loophole that allows districts to fund their schools inequitably with state and local

money and then use federal funds to make up all or some of the difference.⁵

In the 1980s and 90s, the debate over educational fairness turned to the adequacy of school funding. The development occurred because states adopted standards that describe what students should know and be able to do, and instead of looking at whether school funding was fair for all students, reformers began to focus

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on whether or not school dollars were adequate for all students. But approaches to measuring adequacy vary widely, and there has been no clear consensus on how best to achieve an adequate level of funding. At the same time, there's been more research showing that how schools spend money can be just as important as how much they spend. Indeed, studies have shown that districts with relatively modest resources can reach high levels of achievement, and student learning can be increased without necessarily spending additional dollars, if districts use their money more productively.⁶

Thus, reformers have increasingly been advocating for a system under which a student's school would receive a certain amount of dollars based on the student's particular needs and could then spend those funds flexibly. This policy has a number of names, including weighted student funding and results-based budgeting. A system of weighted student funding would address the fact that education funds often do not follow students to the schools they attend. (In many areas, dollars are allocated based on all sorts of other factors besides student need, from school politics to the demand for specialized programs.) A system of weighted student funding would also address the fact that students from low-income backgrounds need additional services and support if they are expected to achieve to high standards. Under a system of weighted student funding, additional funds for low-income students could pay for initiatives that have shown

success with such students, such as expanded learning time and master and mentor teachers.

Fairness is not just a matter of dollars and cents, however, and reform advocates have also grown increasingly concerned about closing the achievement gaps between disadvantaged students and their more advantaged peers. For years, state accountability systems only examined average school performance, which allowed schools and districts to be considered

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successful even if they had large performance gaps between student populations. The most recent reauthorization of ESEA helped change that, and the law took some important steps towards encouraging states and districts to close disparities in achievement.

For their part, some states and districts have found success by focusing on ensuring that every student has access to an effective teacher. Students who have three or four strong teachers in a row will soar academically regardless of their racial or economic background, while those who have a sequence of weak teachers fall further and further behind. And while there are strong teachers in virtually every school, research shows that students in high-poverty schools are far more likely than students in more affluent schools to have the least effective teachers.

To be sure, an educational system that educates all students to high standards will not be accomplished with silver bullets, and it's clear that focusing only on money—or teachers—will not be enough. For schools and districts to succeed with all students—regardless of family background—they need to fundamentally restructure the way that they do business. That means taking a comprehensive approach to school reform, as well as encouraging new tools and approaches that give educators the

incentives and opportunities to provide an effective education for every student.

In the end, a few things are clear. Success is possible, for one. Strategic initiatives can make a significant difference in making school systems more fair, and from 1973 to 2008, the math scale scores of African-American 4th graders jumped by more than 30 points, or roughly three grade levels. For another, a fair education system is necessary for our nation to remain successful. One recent study found that if the United States had closed achievement gaps and achieved like those of better-performing nations such as Finland, GDP could have been \$1.3 trillion to \$2.3 trillion higher.⁷

The question then becomes when—and how—our nation's policy makers will devote the political will to ensure a fair education system for all.

Improving Teacher Quality and Effectiveness

Kate Walsh, President, National Council on Teacher Quality (NCTQ)

An important shift in thinking about teacher quality is underway. The demand for highly *qualified* teachers is slowly, but surely, being replaced by a call for highly *effective* teachers. The change is more than just semantics. Policy making around improving teacher quality to date has focused almost exclusively on qualifications: teacher credentials, majors, degrees, licensing. But increased accountability for student learning and compelling research showing that teachers are the single most important school-based drivers of student achievement,⁸ are moving the field towards a decidedly *performance-based* focus on teacher quality.

According to a recent economic analysis by Erik Hanushek,⁹ replacing even the lowest performing 8 percent of teachers with an *average* teacher—not even a *highly effective*

increasingly clear: to be effective, accountability policies cannot stand alone. Political structures and a willingness to meaningfully intervene must be present, even if it requires difficult changes to personnel or institutional relationships and structures. Effective systems to better support schools and educators in the challenging work of improvement are also critical. And finally, a host of coherent policies—including better measures such as improved assessments and real outcomes data on how well students actually fared post-high-school graduation, aligned human capital policies, strong standards, and data systems that can provide insight into all of these—are essential.

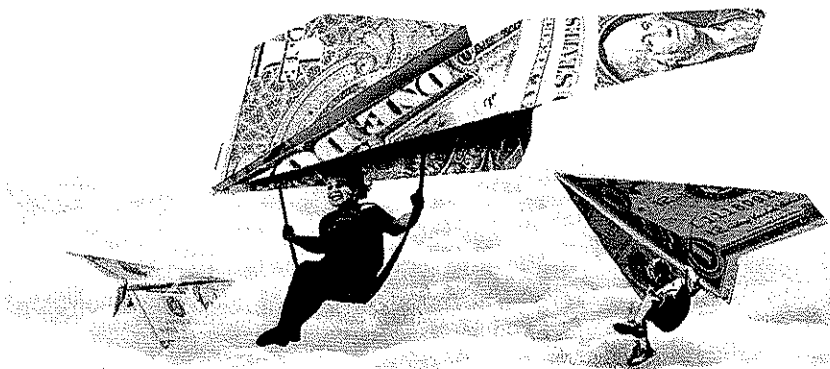
Fostering Fiscal Transparency

*Paul Hill, Director and Research Professor,
Center on Reinventing Public Education*

Education reformers call upon states to commit to eliminating achievement gaps and to bring all children up to high standards. For the foreseeable future these efforts must be made without any expectation of increased funding.

State leaders have a fundamental choice to make: will they continue to tie funds to administrative structures, employee groups, and programs, or will they give schools money in ways that allow experimentation and continuous learning about what is possible given many alternative uses of funds and what works in different situations?

To do more with less, states and districts must make more productive uses of funds available for public education. This is a huge challenge because most states have made their funding systems inflexible and closed to experimentation. Most states tie up fiscal resources by funding dozens of different programs, and then forbidding schools and districts from making alternative uses of dollars given for particular purposes. They similarly hamstring human resources by requiring



schools to be staffed in certain ways and to teach certain subjects in isolation from others, and by mandating certain class sizes and uses of teacher and student time.

As in every other field where performance is unacceptable but higher performance is clearly possible, rules on the uses of funds must be opened up so that:

- Money and people can flow from approaches that are less productive to those that are more productive.
- Potential innovators are encouraged to invest time and money developing new approaches.
- Fair comparisons can be made between new and dominant approaches.
- Performance improvement is the focus of accountability.

These conditions combine to create a process of continuous improvement. No funding arrangement should ever be considered “good enough” just because it satisfies stakeholders or avoids violating any laws. To the contrary, in order to drive continuous improvement, even the best performing school, teacher, or instructional program is assumed not to be the best possible. Policy makers must take the view that every arrangement, even those that look good at the present time, are subject to challenge and replacement by something better.

Governors and legislators can put themselves in position to find more effective uses of funds and constantly improve schools in light of what works by:

Driving funds to schools based on student counts. To drive performance and innovation, states need to deliver real budgets to local principals, who would then be responsible for determining the mix of resources that makes sense to manage their schools. Legislatures can use weighting if desired to allocate extra money for disadvantaged children while preserving flexibility for fund use. Congress can also amend Title I so it allocates funds on a per-pupil basis based on student characteristics, right down to the school a student attends.

Keeping linked data about uses of funds and results, so that alternative methods of delivering instruction can be compared on cost and effectiveness.

Encouraging innovation and experimentation with new uses of funds and imaginative new instructional programs. States should demand relentless innovation and school improvement, building on what works and eliminating what does not. The goal should be annual measurable improvement in school and student performance. Data and analysis capacities—mentioned above—are necessary supports for innovation and experimentation.

Holding schools and districts accountable for student performance and continuous improvement. State legislatures should re-mission school districts and state education agencies to manage portfolios of schools on the basis of performance. Make superintendents and state school chiefs responsible for judging school performance and finding better options for children whose schools do not teach them effectively. Build central office capacity to analyze evidence on performance and find more productive methods, staff, and school providers.

A school finance system built for continuous improvement would not include carve-outs for chartering, vouchers, standardized curricula, or to any other specific school reform. It would not assume that district-run schools were less effective than charters, or vice versa; or that particular uses of time, money, staff, and materials were always better. Such a system would also minimize rules and constraints on use of funds so that new ideas could be readily tried. It would be wide open to experimentation, measurement of costs and performance oversight, and differentiation in uses of funds and instructional practice.

Our current system of financing schools was built around controlling inputs, at a time when the system lacked clear goals and meaningful measures of school and teacher performance. There is no excuse for an inputs-based system now, when goals are clear and performance can be measured.

In his discussion on standards and measures, Chester E. Finn, Jr. argues that goals and measures are not the end of reform, but the beginning. Until fiscal systems are redesigned to provide the transparency and flexibility needed for continuous improvement, we won't achieve the policy aims set out in his or the other sections of this work.

Adopting a school financing system based on continuous improvement would transform state education agencies and school districts. Change needs to start with state legislation, eliminating mandates, freeing up funds to follow students, and allowing experimentation with different ways to use public money to improve education.

Endnotes

- 1- Bruce D. Baker, David G. Schara, and Danielle Farrie, "Is School Funding Fair? A National Report Card" (Newark: Education Law Center, September 2010).
- 2- Editorial Projects in Education, "Diploma Counts," June 2010.
- 3- L. Zhou, (2010). Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2007-08 (Fiscal Year 2008) (NCES 2010-326). U.S. Department of Education, Washington, DC: National Center for Education Statistics.
- 4- Raegen T. Miller, "Secret Recipes Revealed" (Washington, DC: Center for American Progress, 2009).
- 5- Saba Bireda and Raegen T. Miller, "Walking the Talk" (Washington, DC: Center for American Progress, 2010). Specifically, the Title I act of ESEA requires school districts to provide equitable resources to both their low-income schools and their higher-income schools before Title I funds are provided to the high poverty schools. But a legal loophole renders the comparability provision ineffectual because the law allows school districts to demonstrate comparability by excluding instructional salaries, and it is well-established that longer serving and consequently higher paid teachers are concentrated in low poverty schools.
- 6- Ulrich Boser, "Return on Educational Investment" (Washington, DC: Center for American Progress, 2011).
- 7- McKinsey & Company, "The Economic Impact of the Achievement Gap in America's Schools," (April 2009).
- 8- For a review of the value-added studies that examine the influence of teachers on achievement gains, see Erik Hanushek and Steven Rivkin, "Generalizations about using value-added measures of teacher quality," *American Economic Review*, 100:2 (May 2010).
- 9- Erik A. Hanushek, "The Economic Value of Higher Teacher Quality," National Bureau of Economic Research, Working Paper 16606 (December 2010).
- 10- National Center on Teacher Quality, "2010 State Teacher Policy Yearbook, Blueprint for Change."
- 11- In a recent study of teacher evaluation systems, The New Teacher Project found that among districts that use binary evaluation ratings more than 99 percent of teachers receive the satisfactory rating. Districts that use a broader range of rating options do little better; in these districts, 94 percent of teachers receive one of the top two ratings and less than 1 percent are rated unsatisfactory. See "The Widget Effect".
- 12- David Stuit, "Are Bad Schools Immortal?" Thomas B. Fordham Institute, December 2010.
- 13- Lake et al., "The National Study of Charter Management Organization (CMO) Effectiveness: Report on Interim Findings", Center on Reinventing Public Education, 2010.
- 14- Erin Dillon and Bill Tucker, "Lessons for Online Learning," *Education Next*, spring 2011.
- 15- Robin Lake and Betheny Gross, "New York City's iZone", Center on Reinventing Public Education, 2011.
- 16- See, for example, Chad Aldeman, Kevin Carey, Erin Dillon, Ben Miller, and Elena Silva, "A Measured Approach to Improving Teacher Preparation," *Education Sector Reports*, January 2011; Stuit, David, "Are Bad Schools Immortal? The Scarcity of Turnarounds and Shutdowns in Both Charter and District Sectors," The Thomas B. Fordham Institute, December 2010; Kevin Carey, "Hot Air: How States Inflate Their Educational Progress Under NCLB," *Education Sector Reports*, 2006; and Kevin Carey, "The Pangloss Index: How States Game the No Child Left Behind Act," *Education Sector Reports*, 2007.
- 17- Depiction of Markham Middle School excerpted from Manwaring, Robert, "Restructuring 'Restructuring': Improving Interventions for Low-Performing Schools and Districts," *Education Sector Reports*, April 2010.
- 18- Rob Manwaring and Tim Sullivan, "When School Improvement and Teacher Seniority Collide," *Education Week*, October 10, 2010.

The mission of the PIE Network is to build, support, and promote a network of education reform advocacy organizations working to improve K-12 education in their states so that every child graduates world-ready.

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Additional Resources

Standards

- "Now What? Imperatives and Options for Common Core Implementation and Governance"; Fordham Institute
- "The State of State Standards--and the Common Core--in 2010"; Fordham Institute
- "The State of State U.S. History Standards 2011"; Fordham Institute

Equity

- "Close the Hidden Funding Gaps in Our Schools"; The Education Trust
- "The Disproportionate Impact of Seniority-Based Layoffs on Poor, Minority Students"; Center on Reinventing Public Education (CRPE)
- "Futures At Risk: The Story of Latino Student Achievement in California, 2010"; The Education Trust-West
- "Next Generation Charter Schools: Meeting the Needs of Latinos and English Language Learners"; Center for American Progress (CAP)
- "Opportunity Lost: The Story of African-American Achievement in California, 2010"; The Education Trust-West
- "Victims of the Churn: The Damaging Impact of California's Teacher Layoff Policies on Schools, Students and Communities in Three Large School Districts" - The Education Trust-West

Choice

- "Inside Charter Schools: Unlocking Doors to Student Success"; CRPE
- "Learning as We Go: Why School Choice Is Worth the Wait"; CRPE
- *Ohio's Education Reform Challenges: Lessons from the Frontlines*; Fordham Institute
- "Renewal and Optimism: Five Years as an Ohio Charter Authorizer"; Fordham Institute
- "You're Leaving? Sustainability and Succession in Charter Schools"; CRPE

Teacher Quality

- 2010 State Teacher Policy Yearbook Blueprint for Change: National Council on Teacher Quality (NCTQ)
- "Better Benefits: Reforming Teacher Pensions for a Changing Work Force"; Education Sector
- "Essential Elements of Teacher Policy in ESEA: Effectiveness, Fairness, and Evaluation"; CAP and The Education Trust
- "Incorporating Student Performance Measures into Teacher Evaluation Systems"; CAP
- "Increasing the Odds"; NCTQ
- "A Measured Approach to Improving Teacher Preparation"; Education Sector

- "Teachers at Work: Improving Teacher Quality Through School Design"; Education Sector
- Teachers Rules, Roles, Rights (TR3) NCTQ database
- "Principals' Approaches to Developing Teacher Quality"; CAP
- "Putting Data Into Practice"; Education Sector
- "Race to the Top and Teacher Preparation"; CAP

Innovation

- "America's Best (and Worst) Cities for School Reform: Attracting Entrepreneurs and Change Agents"; Fordham Institute
- "Leaders and Laggards: A State-by-State Report Card on Educational Innovation"; CAP
- "Lessons for Online Learning"; Education Sector
- "New York City's iZone"; CRPE

Accountability

- "Are Bad Schools Immortal?"; Fordham Institute
- "College- and Career-Ready: Using Outcomes Data to Hold High Schools Accountable for Student Success"; Education Sector
- "Restructuring 'Restructuring': Improving Interventions for Low-Performing Schools and Districts"; Education Sector

Fiscal Transparency

- "Curing Baumol's Disease: In Search of Productivity Gains in K-12 Schooling"; CRPE
- "Educational Economics: Where Do School Funds Go?"; CRPE
- "Return on Educational Investment"; CAP
- "Stretching the School Dollar"; Fordham Institute

Comprehensive Strategies

- "Needles in a Haystack: Lessons from Ohio's high-performing, high-need urban schools"; Fordham Institute
- "Turning Around the Nation's Lowest-Performing Schools"; CAP